Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

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PERU

Peru is an important market for Canadian wheat (including durum), dry pea, barley and lentil exports. These commodities account for about 85% of the total value of Canadian agricultural exports to Peru. In return, Canada imports a wide array of agricultural products including coffee, vegetables, edible oils, fruit and nuts. Trade between Canada and Peru has steadily increased during the past five years but that trend depends on maintaining a level playing field for Canadian exporters. This issue of the *Bi-weekly Bulletin* examines the situation and outlook for Peru's agricultural sector and examines the prospects for increasing Canadian exports of agriculture and agri-food products to Peru.

Background

Peru, with a population exceeding 28 million (M), is the fifth most populous country in Latin America after Brazil, Mexico, Colombia and Argentina. Peru's total land area is approximately 1.28 million square kilometres, or about the size of Alaska. Of that total area, about 2.9% is arable and about 0.5% is in permanent crops.

Peru's agricultural sector accounts for about 9% of its economic activity, and provides employment opportunities for roughly one-third of its workforce. The main agricultural commodities produced in Peru are asparagus, coffee, cotton, sugarcane, rice, potatoes, corn, plantain, grapes, oranges, coca, poultry, beef, and dairy products. These products are often produced in surplus amounts and are therefore available for export. On the other hand, any deficits for corn and wheat are made up with imports from countries such as the United States (US), Canada, the European Union (EU), and Argentina.

Economy

Peru's economy is closely tied to its plentiful mineral and metal resources but that sector is vulnerable to the uncertainty of fluctuating world prices. Furthermore, the current infrastructure for the minerals and metals sector is lacking which discourages trade and investment. However, after several years of lacklustre economic performance, Peru's economy has been experiencing good growth, expanding 6.3% in 2005, and an estimated 6.5% in 2006. For 2006, Peru's gross domestic product (GDP) is estimated at US$76 billion, or about US$2,700 per person. Despite a generous endowment of natural resources, about one-half of Peru's population lives in poverty.

CANADA: EXPORTS TO PERU

	2004	2005	2006
	.....CAN$ (millions).....		
Grains, bulk or cereals	61.9	88.4	122.1
Edible vegetables, roots and tubers	10.8	16.1	9.9
Other	5.2	3.9	2.9
Total	**77.9**	**108.4**	**134.9**

Source: Statistics Canada

CANADA: IMPORTS FROM PERU

	2004	2005	2006
	.....CAN$ (millions).....		
Food industry residues & waste	36.6	25.5	41.1
Edible vegetables, roots and tubers	21.8	27.7	32.3
Coffee, tea, maté and spices	17.3	22.5	26.5
Animal/vegetable fats & oils, margarine	19.8	22.5	15.9
Fruit and nuts	10.7	15.7	15.9
Preparations of vegetables, fruit & nuts	2.7	4.5	5.6
Fish & crustaceans	2.1	3.2	3.3
Other	1.7	2.0	2.7
Total	**112.7**	**123.6**	**143.3**

Source: Statistics Canada

World Trade with Peru

The US is Peru's most important trading partner. In 2004, 30% of Peru's exports went to the US, and 30% of its imports came from the US. The EU is Peru's second most important trading partner, accounting for 24% of its exports and 22% of its imports. Peru's other important trading partners are Argentina, China, Chile, Brazil and Japan.

Peru implemented a two-tier tariff system for agricultural products in 1990. Under this system, most agricultural products are assessed a basic tariff rate of either 12% or 20%, but an additional 5% surcharge is applied to certain "sensitive" products such as wheat, rice and sorghum. However, even with the surcharge, tariff rates for agricultural products entering Peru are still well below the Peruvian bound levels committed to under the World Trade Organization, which ranges between 30% and 68%.

Peruvian Price Bands

Peru operates a price band system that is similar, but not identical, to the Andean Price Band system for corn and rice only. The Peruvian price band is a variable import tax which assures that the import price of specific commodities, after payment of the levy, is equal to a pre-determined minimum import price. The levy, which is expressed in US dollars per metric tonne, is the difference between the floor price and

Canada

reference price plus an adjustment for insurance, freight and inflation. Both the floor price and the reference price are published by Peru's Ministry of Economy and Finance every fifteen days. The price band also has a ceiling price, which protects the industry against increases in international prices. In this way, the floor and ceiling prices effectively create a band, or price range.

As with the Andean Price Band system, the Peruvian Price Band system compensates for changes in the world price of importable products. To construct the price band for a specific agricultural product, a reference price is determined from international indicator markets. If the international price of product falls within the applicable price band, no change is made to the applied tariff rate. However, if the international price falls below a pre-determined floor price, the tariff rate is increased to bring the imported price within the price band. Conversely, if the US Gulf price of corn is above a pre-determined ceiling price, the tariff rate is decreased accordingly. Since Peru uses the US Gulf corn price as a reference for the corn tariff, 2006-2007 US corn exports have been entering Peru with no tariff, due to high US corn prices.

US-Peru Trade Promotion Agreement (PTPA)

On April 12, 2006, the US and Peru signed the PTPA, an agreement to eliminate tariffs and other barriers to trade in goods and services between the two countries. Upon implementation, which is expected in late 2007, the agreement eliminates duties on 80% of US exports of consumer and industrial products to Peru. An additional 7% of US exports receive duty free treatment within five years of implementation, and the remaining duties are eliminated within ten years of implementation.

For agricultural products, the PTPA grants duty-free treatment immediately to more than two-thirds of US farm exports to Peru. These products include wheat, which is currently assessed at the basic tariff rate of 12% plus the 5% surcharge, soybeans, soybean meal and crude soybean oil. Tariffs on most remaining products will be phased out within 15 years, and all tariffs eliminated in 18 years. For products with longer phase-out periods, immediate market access will be provided through the creation and annual expansion of tariff rate quotas (TRQs), i.e., duty free access for a specified quantity of imports. Both parties to the PTPA agree not to use subsidies on products shipped to each other's market, except to compete with third party export subsidies.

Mercosur

Mercosur is a Regional Trade Agreement between Argentina, Brazil, Paraguay, Uruguay and Venezuela. It is sometimes referred to as the Common Market of the South and is South America's leading trading bloc. As such, Mercosur represents one of the most important producers and exporters of agricultural products in the world. For example, about 22% of the EU's agricultural imports in 2005, valued at more than €14 billion, originated from Mercosur countries. Although increased trade with the rest of the world remains a priority for Mercosur, the primary objective of this large trading bloc, in the longer term, is to create a continent-wide free trade area.

As an associate member of Mercosur, Peru can join free trade agreements with member countries but it remains outside the bloc's customs union. Bolivia, Chile, Colombia and Ecuador are the other associate members of Mercosur. It must be noted that efforts to include Chile as a full member were suspended when Chile signed a free-trade agreement with the US in 2002. On that basis, attempts to elevate Peru to full member status would likely be rejected.

Agricultural Trade with Canada

Despite the absence of any formal trade agreement between the two countries, the total value of trade between Canada and Peru has increased considerably since 2002, peaking at a record CAN$278M in 2006. Over the past 5 years, the value of trade between these two trading partners has averaged CAN$200M. Of particular significance is the large increase in the value of Peru's agricultural exports to Canada, which have nearly tripled since 2002. During this same period, the value of Canadian exports to Peru increased by only 63%.

Nevertheless, in terms of export volumes, Canada has more than doubled its exports of grains, pulse and special crops to Peru since 2002. This increase is due primarily to a 155% increase in ***wheat*** exports, which peaked at a record 0.5 million tonnes (Mt) in 2006. As well, exports of ***dry peas*** to Peru have increased by 68% and exports of ***lentils*** have quadrupled during this period.

Peru imports about 90% of its annual wheat needs. Canada and Argentina are the largest exporters of wheat to Peru, supplying about one-third each of Peru's annual wheat imports. However, the amount of wheat that Peru imports from Canada generally depends on the size of the Argentine wheat crop and exchange rates. Argentina's economic crisis in the early 2000s resulted in the devaluation of the Argentine peso, which made Argentina's wheat more competitive in world markets.

Canada is an important supplier of medium grade hard red spring wheat to Peru. It must however be noted that Canadian wheat exports in general were affected by severe drought in western Canada during the 2001-2002 and 2002-2003 crop years, which reduced exportable supply, followed by a crop year when quality of the wheat crop was seriously downgraded by poor weather conditions at harvest time. Canadian exports to Peru have since recovered. In 2005-2006, Canada exported a record

CANADA: EXPORTS TO PERU
GRAINS, OILSEEDS, PULSES AND SPECIAL CROPS

Calendar year	**2004**	**2005**	**2006**
		tonnes	
Wheat* (excludes durum)	199,366	339,854	512,106
Durum	48,437	70,618	63,203
Barley	13,199	29,602	28,318
Lentils	10,966	13,872	19,088
Dry Peas	9,885	41,247	12,627
Canary Seed	1,908	4,447	5,320
Chickpeas	732	158	360
Oats	1,637	210	0
Other**	280	764	680
Total	**286,410**	**500,772**	**641,702**

* includes not elsewhere specified and meslin;

** includes linseed, mustard seed and millet

Source: Statistics Canada

PERU: WHEAT* IMPORTS BY COUNTRY

July-June Crop Year	**2003 -2004**	**2004 -2005**	**2005 -2006**	**2006 -2007f**
		thousand tonnes		
Argentina	87	514	473	600
Canada	300	221	583	300
US	398	628	418	120
EU	6	-	-	-
Others **	697	86	183	480
Total	**1,488**	**1,449**	**1,656**	**1,500**

* includes durum; ** includes FSU and Brazil

f: forecast, AAFC, April 2007

Source: International Grains Council, USDA-FAS, Statistics Canada

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CANADA: GRAINS AND OILSEEDS OUTLOOK

April 27, 2007

Statistics Canada's (STC) survey of seeding intentions for 2007 indicated that the total area seeded to grains and oilseeds (G&O) is estimated to increase by 2% from 2006. Summerfallow area is estimated to fall to a modern day record low. Areas seeded to canola, durum, barley, corn and oats are estimated to increase, but areas seeded to wheat ex-durum, rye, mixed grains, flaxseed and soybeans are expected to decrease. The actual seeded areas may differ from the intentions due to changes in the market outlook and expected prices, producer reaction to the STC report and soil moisture conditions at seeding time.

Total production of G&O in Canada is forecast by Agriculture and Agri-Food Canada to rise by 3%, to 66.3 million tonnes, (Mt) versus the 10-year average of 59.8 Mt. Normal abandonment, trend yields and crop quality are assumed. In general, soil moisture reserves are adequate. Production in western Canada is forecast to increase by 2%, to 49.2 Mt and, in eastern Canada, by 4%, to 17.2 Mt. However, the total supply in Canada is forecast to decline due to lower carry-in stocks. Although exports are forecast to decline by 9%, total domestic use is expected to increase by 4% due to the strong demand for biofuel. Carry-out stocks are forecast to fall by 10%. World wheat prices are expected to remain relatively unchanged, despite a return to improved growing conditions in the United States (US) from last year. Canadian wheat price (except durum) are forecast to be lower than 2006-07, due to the strong Canadian dollar. World and Canadian prices for corn and oilseeds are expected to increase on support from the growing biofuel sector in the US and the European Union (EU). Canadian feed barley and oat prices are forecast to decline, mainly due to higher domestic production. The main factors to watch are: the condition of the US winter wheat crop, weather conditions, especially precipitation, during the seeding and growing periods in Canada, petroleum prices, exchange rates, and growing conditions in the major importing and exporting countries.

DURUM

For 2007-08, production is forecast to increase by 17%, but remain below the 10-year average of 4.6 Mt. Supply is expected to fall by 10% to 6.4 Mt, the lowest since 2003-04, due to lower carry-in stocks. Exports are forecast to fall by 10% to 3.9 Mt, due to reduced supply and increased competition from other exporters. Carry-out stocks are forecast to fall by a further 16%, to the lowest level since 1997-98, which will be supportive of world durum prices. The CWB Pool Return Outlook (PRO) for No.1 CWAD 11.5% has been lowered by $4/t from the March forecast, due to the stronger Canadian dollar, and is now $223/t I/S VC/SL, $6/t higher than for 2006-07. The premium to CWRS wheat is expected to return to a near-normal $16/t.

WHEAT (ex-durum)

Production is forecast to decline by 15%, with farmers shifting area into durum wheat, canola, oats and barley. Industrial use is expected to increase as new ethanol plants come on-line in western Canada, with total domestic use reaching a record 8.7 Mt. Exports are forecast to decline by 18% due to reduced supply and increased domestic demand. Carry-out stocks are forecast to fall by almost 20%. The CWB PRO for No.1 CWRS 11.5% is down by $3/t from last month, to $207/t I/S VC/SL, $5/t lower than 2006-07, due to the stronger Canadian dollar outlook.

BARLEY

Production is forecast to increase by 20% due to higher area and yields. Supply is expected to increase only slightly, as lower carry-in stocks offset much of the higher production. Exports of malting and feed barley are forecast to increase by 7% to a normal level. Carry-out stocks are expected to increase by 6%. The average off-Board feed barley price (No. 1 CW I/S Lethbridge) is forecast to decrease by $5/t from 2006-07 to $160/t.

CORN

Production is forecast to increase by 24%, as area shifts into corn from wheat and other crops. Imports are forecast to decrease by 24% as a result of significantly higher domestic supply. Corn use for ethanol production is forecast to increase by 24% while feed use increases only slightly. Carry-out stocks are forecast to rise by 12%. The average price at Chatham elevator is forecast to increase by $15/t to $160/t largely due to higher US corn prices and normal crop quality.

OATS

Production is forecast to rise by 22% due to larger seeded area and yields. Supply is expected to increase by 10% as higher production more than offset lower carry-in stocks. Exports are forecast to decline by 9% from the record high set in 2006-07, as EU exports to the US recover. Although feed use is expected to rise significantly, carry-out stocks are forecast to nearly double. The average nearby Chicago Board of Trade futures price for oats is forecast to fall by C$20/t from 2006-07 to $170/t.

CANOLA

Production is forecast to increase by 8% to a record 9.8 Mt as higher seeded area more than offsets lower yields. Supply is expected to increase to a record 11.7 Mt, as the higher output more than offsets the drop in carry-in stocks. Exports are forecast to rise by 6%, setting another record. Domestic crush is expected to increase by 6%, as plants under construction begin operation during the crop year. Carry-out stocks are forecast to decrease but remain historically high. Canola prices are expected to rise by about $20/t due to high US soyoil prices.

FLAXSEED (excludiag solin)

Production is expected to decrease sharply due to a significant drop in area and slightly lower yields. However, the decline in supply is expected to be moderated by higher carry-in stocks. Exports are forecast to remain unchanged on stable EU demand and lower US output. Total domestic use is forecast to decline. Carry-out stocks are expected to decline to 0.25 Mt vs. the 10-year average of 0.20 Mt. Prices are forecast to rise on support from higher world vegetable oil and crude oil prices.

SOYBEANS

Production is forecast to decline by 16% due to lower area seeded and sharply lower yields. Supply is forecast to decrease by 8% as the drop in output is moderated by slightly higher carry-in stocks and higher imports. Exports are forecast to increase to a record high, while domestic crush rises by 5% to 1.6 Mt. Carry-out stocks are forecast to drop sharply, while prices increase on support from higher US soybean prices.

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CANADA: GRAINS AND OILSEEDS SUPPLY AND DISPOSITION

April 27, 2007

Grain and Crop Year (a)	Area Seeded	Area Harvested	Yield	Production	Imports (b)	Total Supply	Exports (c)	Food & Industrial Use (e)[1]	Feed, Waste & Dockage[1]	Total Domestic Use (d)	Carry-out Stocks	Average Price (f)
	thousand ha		t/ha	thousand metric tonnes								$/t
Durum												
2005-2006	2,341	2,297	2.58	5,915	4	8,405	4,269	249	454	870	3,266	179
2006-2007f	1,760	1,738	2.20	3,821	1	7,088	4,350	250	398	838	1,900	217*
2007-2008f	2,003	1,985	2.25	4,470	1	6,371	3,900	250	411	871	1,600	223**
Wheat Except Durum												
2005-2006	7,753	7,530	2.77	20,860	23	26,318	11,499	2,877	4,605	8,378	6,442	180
2006-2007f	8,964	8,796	2.67	23,456	24	29,922	15,200	3,300	4,450	8,522	6,200	212*
2007-2008f	7,664	7,450	2.67	19,870	24	26,094	12,400	3,800	4,035	8,694	5,000	207**
All Wheat												
2005-2006	10,094	9,826	2.72	26,775	26	34,723	15,768	3,126	5,059	9,247	9,708	
2006-2007f	10,725	10,534	2.59	27,277	25	37,010	19,550	3,550	4,848	9,360	8,100	
2007-2008f	9,667	9,435	2.58	24,340	25	32,465	16,300	4,050	4,446	9,565	6,600	
Barley												
2005-2006	4,440	3,889	3.21	12,481	46	15,962	2,975	167	9,192	9,698	3,289	110
2006-2007f	3,861	3,362	2.98	10,005	40	13,333	2,150	260	8,908	9,583	1,600	155-175
2007-2008f	4,380	3,910	3.07	12,000	35	13,635	2,300	300	8,930	9,635	1,700	150-170
Corn												
2005-2006	1,124	1,096	8.63	9,461	1,905	13,167	242	2,220	8,692	10,924	2,001	96
2006-2007f	1,127	1,093	8.48	9,268	2,100	13,369	150	2,900	8,604	11,519	1,700	135-155
2007-2008f	1,430	1,340	8.58	11,500	1,600	14,800	200	3,900	8,785	12,700	1,900	150-170
Oats												
2005-2006	1,853	1,326	2.59	3,432	20	4,427	1,877	79	1,439	1,678	872	144
2006-2007f	1,923	1,431	2.52	3,602	15	4,489	2,200	75	1,493	1,739	550	180-200
2007-2008f	2,300	1,710	2.57	4,400	10	4,960	2,000	80	1,705	1,960	1,000	160-180
Rye												
2005-2006	226	148	2.42	359	1	490	132	48	143	208	150	81
2006-2007f	201	130	2.33	302	1	453	160	48	128	193	100	100-120
2007-2008f	170	110	2.27	250	1	351	130	48	96	161	60	100-120
Mixed Grains												
2005-2006	209	109	2.78	303	0	303	0	0	303	303	0	
2006-2007f	245	107	2.72	291	0	291	0	0	291	291	0	
2007-2008f	225	115	2.87	330	0	330	0	0	330	330	0	
Total Coarse Grains												
2005-2006	7,852	6,568	3.96	26,036	1,972	34,349	5,227	2,514	19,768	22,811	6,311	
2006-2007f	7,356	6,122	3.83	23,467	2,156	31,934	4,660	3,283	19,423	23,324	3,950	
2007-2008f	8,505	7,185	3.96	28,480	1,646	34,076	4,630	4,328	19,846	24,786	4,660	
Canola												
2005-2006	5,491	5,283	1.83	9,660	140	11,386	5,412	3,423	492	3,956	2,019	278
2006-2007f	5,373	5,322	1.71	9,105	150	11,274	5,650	3,475	404	3,924	1,700	340-380
2007-2008f	6,002	5,909	1.66	9,800	150	11,650	6,000	3,700	405	4,150	1,500	360-400
Flaxseed												
2005-2006	842	803	1.35	1,082	38	1,144	537	n/a	n/a	272	336	276
2006-2007f	842	826	1.26	1,041	20	1,397	650	n/a	n/a	297	450	275-315
2007-2008f	579	550	1.22	670	20	1,140	650	n/a	n/a	240	250	300-340
Soybeans												
2005-2006	1,176	1,169	2.70	3,161	339	3,770	1,315	1,493	339	1,960	495	220
2006-2007f	1,238	1,226	2.88	3,533	250	4,278	1,600	1,475	503	2,103	575	235-275
2007-2008f	1,186	1,176	2.53	2,975	400	3,950	1,700	1,550	350	2,000	250	270-310
Total Oilseeds												
2005-2006	7,510	7,255	1.92	13,904	516	16,300	7,263	4,916	830	6,188	2,850	
2006-2007f	7,452	7,373	1.86	13,679	420	16,949	7,900	4,950	907	6,324	2,725	
2007-2008f	7,767	7,635	1.76	13,445	570	16,740	8,350	5,250	755	6,390	2,000	
Total Grains And Oilseeds												
2005-2006	25,456	23,650	2.82	66,715	2,514	85,372	28,258	10,555	25,657	38,246	18,869	
2006-2007f	25,533	24,030	2.68	64,423	2,601	85,893	32,110	11,783	25,178	39,008	14,775	
2007-2008f	25,939	24,255	2.73	66,265	2,241	83,281	29,280	13,628	25,047	40,741	13,260	

[1] Excludes flaxseed

(a) Crop year is August-July except corn and soybeans which are September-August.

(b) Excludes imports of products. (c) Includes exports of products for wheat, oats, barley, and rye. Excludes exports of oilseed products.

(d) Total Domestic Use = Food and Industrial Use + Feed Waste & Dockage + Seed Use

(e) Soybean food and industrial use is based on data from the Canadian Oilseed Processors Association. Totals excludes flaxseed due to data confidentiality.

(f) Crop year average prices: No.1 CWRS 11.5% protein and No.1 CWAD 11.5% (CWB final price I/S St. Lawrence/Vancouver), Barley (No. 1 feed, WCE, cash, I/S Lethbridge), Corn (No.2 CE, cash, I/S Chatham), Oats (US No. 2 Heavy, CBoT nearby futures), Rye (No.1 CW, I/S Saskatoon); Canola (No. 1 Canada, WCE, cash, I/S Vancouver); Flaxseed (No. 1 CW, WCE, cash, I/S Thunder Bay); Soybeans (No. 2, I/S Chatham).

* Canadian Wheat Board Pool Return Outlook (PRO) – March, 2007; ** CWB April PRO.

f: forecast; Agriculture and Agri-Food Canada: April 27, 2007

Source: Statistics Canada, Cereals and Oilseeds Review Series, Cat. No. 22-007

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CANADA: PULSE AND SPECIAL CROPS OUTLOOK

April 27, 2007

For 2007-08, total area seeded to pulse and special crops in Canada is expected to increase by 4% from 2006-07, as higher areas for dry peas, chickpeas, mustard seed and canary seed are partly offset by lower areas for lentils, dry beans and buckwheat. The sunflower seed area is expected to be the same as in 2006-07. Statistics Canada's (STC) seeding intentions survey, conducted during March 23-31 and released on April 24, provided estimates for most pulse and special crops by province, but in some cases the area seeded has been forecast by AAFC. The actual seeded areas may differ from the intentions due to changes in the market outlook and expected prices, producer reaction to the STC seeding intentions report and soil moisture conditions at the time of seeding. To date, only a small amount of seeding has been completed. It is assumed that precipitation will be normal for the growing and harvest periods, and that the abandonment rate and quality will be normal. Trend yields are assumed for both western and eastern Canada, as soil moisture reserves are good in most areas. However, there are some dry spots in southern Saskatchewan and larger areas of excessive moisture in northern Saskatchewan and northern Alberta.

Total production in Canada is forecast to increase by 4% to 4.61 million tonnes (Mt). Total supply is expected to decrease by 9% to 5.47 Mt, as lower carry-in stocks more than offset the increase in production. Exports and domestic use are forecast to decrease due to the lower supply. Carry-out stocks are expected to decrease to historically low levels for most crops. Average prices, over all types, grades and markets, are forecast to increase for lentils, dry beans, mustard seed, canary seed, sunflower seed and buckwheat, decrease for chickpeas and remain stable for dry peas. The main factors to watch are weather conditions, especially precipitation, during the seeding, growing and harvest periods in Canada. Other factors to watch are the exchange rates of the Canadian dollar against the US dollar and other currencies, ocean shipping rates and growing conditions in major producing regions, especially India, United States, European Union, Turkey and Australia.

DRY PEAS

For **2007-08**, production is forecast to increase because of a 2% rise in seeded area and higher yields, while supply decreases slightly, as lower carry-in stocks more than offset the increase in production. The increase in production is expected to be for the yellow type, while production of green and other types remains stable. World supply is forecast to increase slightly to 11.3 Mt, as higher production, mainly in Canada, the US and Australia, is mostly offset by lower carry-in stocks. Canadian exports and domestic use are expected to remain stable, in line with the relatively stable supply. Carry-out stocks are forecast to decrease slightly, with a s/u of 8%. The average price, over all types, grades and markets, is expected to be the same as in 2006-07 due to the relatively stable world and Canadian supply.

LENTILS

For **2007-08**, production is forecast to decrease due to the 9% drop in seeded area and lower yields. Production is expected to decrease mainly for large, medium and small green lentils, with a smaller decrease for red lentils. Supply is expected to decrease sharply, as lower carry-in stocks compound the decrease in production. World supply is forecast to decrease by 5% to 4.0 Mt, as slightly higher production, mainly in Australia, is more than offset by lower carry-in stocks. Canadian exports are expected to decrease due to the lower supply and carry-out stocks are forecast to decrease sharply, with a s/u of 4%. The average price, over all types and grades, is forecast to increase from 2006-07 because of the lower world and Canadian supply.

DRY BEANS

For **2007-08**, production and supply are forecast to decrease because of the 6% lower seeded area and lower yields. Production is expected to decrease for all major classes of dry beans; white pea, pinto, black, dark and light red kidney, cranberry, Great Northern, pink and small red. In the US, production is forecast to decrease by 7% to 0.96 Mt, while supply decreases by 8% to 1.11 Mt, as lower carry-in stocks compound the decrease in production. Canadian exports are forecast to decrease due to the lower supply. Carry-out stocks are expected to decrease, with a s/u of 8%. The average price, over all types and grades, is forecast to increase because of the lower US and Canadian supply.

CHICKPEAS

For **2007-08**, production and supply are forecast to increase because of the 46% higher seeded area. Production is expected to increase for all types; desi, large kabuli and small kabuli. World supply is forecast to increase by 6% to 9.35 Mt, mainly due to higher production in India and Pakistan. Although Canadian exports are forecast to increase because of the higher supply, carry-out stocks are expected to rise, with a s/u of 21%. The average price, over all types and grades, is forecast to decrease due to the higher world and Canadian supply.

MUSTARD SEED

For **2007-08**, production is forecast to increase because of the 18% higher seeded area and higher yields, while supply decreases as lower carry-in stocks more than offset the increase in production. Production is expected to increase for the yellow and brown types, but decrease for the oriental type. Exports are expected to fall slightly due to higher prices. Carry-out stocks are forecast to decrease sharply, with a s/u of 23%. The average price, over all types and grades, is expected to increase due to the lower supply.

CANARY SEED

For **2007-08**, production is forecast to increase because of the 43% higher seeded area, while supply decreases as lower carry-in stocks more than offset the increase in production. World supply is forecast to decrease by 14% to 300,000 t, as higher production in Canada is more than offset by lower carry-in stocks. Canadian exports are expected to decrease slightly due to higher prices. Carry-out stocks are forecast to fall sharply, with a s/u of 33%. The average price is forecast to increase because of the lower supply.

SUNFLOWER SEED

For **2007-08**, production and supply are forecast to decrease, as a stable seeded area is more than offset by higher abandonment and lower yields. Production is forecast to decrease for both the confectionery and oilseed types. In the US, supply is expected to decrease by 22% to 0.85 Mt for the oilseed type and by 4% to 0.24 Mt for the confectionery type because of lower production and lower carry-in stocks. Canadian exports are forecast to decrease because of the lower supply, while domestic use remains stable. Carry-out stocks are expected to decrease, with a s/u of 14%. The average price, over both types and all grades, is forecast to increase because of the lower US and Canadian supply and less pressure on prices at the beginning of the crop year because of sharply lower carry-in stocks in the US.

BUCKWHEAT

For **2007-08**, production and supply are forecast to decrease because of a lower seeded area and lower yields. The average price is expected to increase because of the lower supply.

FURTHER INFORMATION:

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CANADA: PULSE AND SPECIAL CROPS SUPPLY AND DISPOSITION

April 27, 2007

Grain and Crop Year (a)	Area Seeded	Area Harvested	Yield	Production	Imports (b)	Total Supply	Exports (b)	Total Domestic Use (d)	Carry-out Stocks	Stocks-to-Use Ratio	Average Price (e)
	thousand ha		t/ha	thousand metric tonnes							$/t
Dry Peas											
2003-2004	1,303	1,271	1.67	2,124	24	2,458	1,316	937	205	9%	175
2004-2005	1,388	1,345	2.48	3,338	57	3,600	1,853	1,152	595	20%	135
2005-2006	1,366	1,319	2.35	3,100	76	3,771	2,567	724	480	15%	120
2006-2007f	1,410	1,378	2.04	2,806	75	3,361	2,200	911	250	8%	155-185
2007-2008f	1,445	1,395	2.17	3,025	75	3,350	2,200	910	240	8%	155-185
Lentils											
2003-2004	554	536	0.97	520	5	580	367	175	38	7%	420
2004-2005	778	750	1.28	962	10	1,010	451	314	245	32%	310
2005-2006	884	862	1.48	1,278	8	1,531	671	385	475	45%	230
2006-2007f	567	555	1.25	693	12	1,180	730	290	160	16%	285-315
2007-2008f	514	500	1.23	615	15	790	575	185	30	4%	315-345
Dry Beans											
2003-2004	167	167	2.13	356	31	482	344	83	55	13%	495
2004-2005	163	126	1.75	220	28	303	278	20	5	2%	650
2005-2006	197	175	1.85	324	39	368	284	49	35	11%	495
2006-2007f	177	174	2.09	363	35	433	330	53	50	13%	505-535
2007-2008f	166	163	1.90	310	30	390	310	50	30	8%	565-595
Chickpeas											
2003-2004	63	63	1.08	68	2	150	74	51	25	20%	330
2004-2005	47	39	1.31	51	4	80	47	28	5	7%	385
2005-2006	79	73	1.42	104	7	116	64	42	10	9%	490
2006-2007f	144	144	1.26	182	5	197	130	52	15	8%	540-570
2007-2008f	210	196	1.22	240	5	260	155	60	45	21%	445-475
Mustard Seed											
2003-2004	340	328	0.69	226	2	288	121	75	92	47%	390
2004-2005	317	304	1.01	306	1	399	119	86	194	95%	295
2005-2006	212	206	0.98	201	0	395	133	72	190	93%	265
2006-2007f	144	140	0.83	116	1	307	135	72	100	48%	355-385
2007-2008f	170	164	0.88	145	0	245	130	70	45	23%	425-455
Canary Seed											
2003-2004	251	243	0.93	226	0	246	165	14	67	37%	345
2004-2005	356	318	0.95	301	0	368	163	37	168	84%	230
2005-2006	190	186	1.22	227	0	395	185	20	190	93%	195
2006-2007f	119	115	1.02	117	0	307	180	22	105	52%	325-355
2007-2008f	170	161	0.96	155	0	260	175	20	65	33%	360-390
Sunflower Seed											
2003-2004	119	115	1.30	150	16	201	96	80	25	14%	405
2004-2005	87	59	0.92	54	35	114	32	64	18	19%	490
2005-2006	93	75	1.19	89	26	133	46	60	27	25%	345
2006-2007f	75	75	2.04	153	15	195	85	75	35	22%	370-400
2007-2008f	75	71	1.55	110	20	165	70	75	20	14%	430-460
Buckwheat											
2003-2004	9	9	1.11	10	1	14	5	7	2	17%	355
2004-2005	9	7	0.71	5	1	8	4	4	0	0%	355
2005-2006	7	6	1.33	8	1	9	4	5	0	0%	355
2006-2007f	6	6	1.17	7	1	8	4	4	0	0%	340-370
2007-2008f	5	5	1.00	5	1	6	3	3	0	0%	350-380
Total Pulse And Special Crops (c)											
2003-2004	2,805	2,732	1.35	3,680	81	4,419	2,488	1,422	509		
2004-2005	3,145	2,948	1.78	5,237	136	5,882	2,947	1,705	1,230		
2005-2006	3,028	2,902	1.84	5,331	157	6,718	3,954	1,357	1,407		
2006-2007f	2,642	2,587	1.72	4,437	144	5,988	3,794	1,479	715		
2007-2008f	2,755	2,655	1.73	4,605	146	5,466	3,618	1,373	475		

(a) August-July crop year.

(b) Excludes products.

(c) Includes Pulse Crops (dry peas, lentils, dry beans, chick peas) and Special Crops (mustard seed, canary seed, sunflower seed, buckwheat)

(d) Includes food, feed, seed, waste and dockage. Total domestic use is calculated residually.

(e) Producer price, FOB plant. Average over all types, grades and markets.

f: forecast, Agriculture and Agri-Food Canada, April 27, 2007

Source: Statistics Canada and industry consultations.

A. SELLING PRICE OF BULK FEED INGREDIENTS AT SELECTED POINTS

April 16, 2007

SELECTED POINT	REFERENCE PERIOD	PRICE BASIS	(1) WHEAT	OATS	BARLEY	CORN	PRICE BASIS	SOYBEAN MEAL	CANOLA MEAL	MILL-FEEDS	MEAT MEAL	FISH MEAL	ANIMAL FAT	GLUTEN MEAL	GLUTEN FEED	FEED PEAS	DEHY ALFALFA	FEATHER MEAL
Vancouver	April 16, 2007	FOB	205.00	N/A	205.00	216.00		300.00	200.00	166.00		1100.00	495.00					405.00
BC (4) (7)	April 10, 2007		205.00	N/A	205.00	212.00		307.00	204.00	166.00		1100.00	495.00					405.00
Calgary	April 16, 2007	FOB	182.00	N/A	184.00	204.00		300.00			90.00	1100.00	515.00					350.00
AB (4)	April 10, 2007		182.00	N/A	184.00	206.00		304.00			90.00	1100.00	515.00					350.00
Saskatoon	April 16, 2007	FOB	157.50	195.00	150.00	186.00		298.50	N/A		110.00	N/A	515.00			185.00		360.00
SK (4)	April 10, 2007		157.50	194.00	153.00	190.00		302.50	N/A		110.00	N/A	515.00			189.00		360.00
Winnipeg	April 16, 2007	FOB	166.00	140.00	143.00	173.00		280.00	N/A		265.00	1162.50	515.00					380.00
MB (4) (9)	April 10, 2007		166.00	140.00	143.00	176.00		284.00	N/A		265.00	1162.50	515.00					380.00
Thunder Bay	April 16, 2007	In-Store	185.30	N/A	173.90													
ON (8)	April 10, 2007		183.00	N/A	180.00													
Lake Ports	April 16, 2007	On Board				163.07												
USA (3)	April 10, 2007	Vessel				167.71												
Bay Ports	April 16, 2007	In-Store	213.50	250.00	185.00													
ON	April 10, 2007		212.50	250.00	185.00													
Chatham	April 16, 2007	Track				159.91												
ON	April 10, 2007					167.85												
Toronto	April 16, 2007	N/A					FOB				193.00		515.00	N/A	N/A		285.00	320.00
ON (5)	April 10, 2007										193.00		515.00	N/A	N/A		285.00	320.00
Hamilton	April 16, 2007	N/A						263.78	N/A									
ON	April 10, 2007							276.46	N/A									
Eastern	April 16, 2007	FOB				164.57												
ON	April 10, 2007					169.00												
London	April 16, 2007	FOB												472.00	107.00			
ON	April 10, 2007													490.00	117.00			
Port Colborne	April 16, 2007	FOB								100.00				472.00	117.00			
ON	April 10, 2007									103.50				490.00	127.00			
Cardinal	April 16, 2007	FOB												478.00	125.00			
ON	April 10, 2007													436.00	133.00			
Montreal	April 16, 2007		216.00	250.00	208.00	194.00		283.71	234.00	115.67	180.00	N/A	481.00	N/A	N/A		270.00	360.00
QC (5)	April 10, 2007		216.00	250.00	208.00	199.00	FOB	294.24	241.00	115.67	180.00	N/A	481.00	N/A	N/A		270.00	360.00
Trois-Rivières	April 16, 2007	In-Store	190.00		208.50	192.51												
QC	April 10, 2007		219.50		219.00	193.49												
St. Jean QC (2)	April 16, 2007	FOB	202.00	211.33	192.00	183.29		302.14										
St. Hyacinthe QC	April 10, 2007		200.33	208.33	191.33	183.34		310.50										
Quebec	April 16, 2007	In-Store	218.58	N/A	223.58	185.03		283.31	253.05									
QC	April 10, 2007		216.50	N/A	225.35	191.05		299.68	264.75									
Truro	April 16, 2007	Track	258.40	N/A	243.25	215.60		325.09	256.92		250.28		719.00					330.00
NS	April 10, 2007		262.01	N/A	251.15	227.12	FOB	342.19	261.21		255.28		719.00					330.00
Truro	April 16, 2007	Water	N/A	N/A	N/A	N/A												
NS	April 10, 2007	& Truck	N/A	N/A	N/A	N/A												
Halifax	April 16, 2007	In-Store	231.70	N/A	N/A	207.65		320.00	293.65	297.50		N/A						
NS (6)	April 10, 2007		230.00	N/A	N/A	209.00		348.55	308.20	297.50		N/A						

Source: Market Analysis Division, Agriculture and Agri-Food Canada; Thunder Bay prices are based on the Winnipeg Commodity Exchange (WCE) market close **US$1.00 = CAN$ 1.138** **Closing date April 9/2007**

Contact: André Doumbé Statistical Clerk Telephone: (204) 983-0581 Fax: (204) 983-5524 Email: doumbea@agr.gc.ca

N/A = not available

Footnotes: All prices in Canadian dollars per metric tonne based on survey respondents.
Grain grades (unless otherwise specified) are: Western or Eastern Feed Wheat. Feed Oats. No.1 Canada Western or Eastern Barley. No.2 Canada Yellow Corn. No.3 US Yellow Corn.
Soybean Meal 48 % Protein. Canola Meal based on minimum standard of 35% Protein. Fish Meal: white fish and/or herring meal. Gluten Meal 60% Protein. Gluten Feed 21% Protein.

(1) Wheat 3CWRS (2) Canadian Corn #3 or #2 (3) US Corn (4) Fish Meal from West Coast 63% Protein (5) Fish Meal 60% Protein (6) Herring Fish Meal (7) Fraser Valley (8) Wheat & Barley (Basis - Cash Price WCE) (9) Oats 3CW

B. CASH PRICES AND REPLACEMENT VALUES

April 16, 2007

PRAIRIE GRAINS

Selected Points	Price Basis		This week April 16, 2007	Last week April 2, 2007	Month ago March 19, 2007	Year Ago April 18, 2006
From: Thunder Bay(WCE) (2)	In-Store	Wheat	184.00	183.00	186.00	124.00
(CBOT)		Oat	271.00	276.50	274.50	174.60
(Lethbridge)		Barley	185.00	180.00	186.00	107.00
To: Bayport, ON (1)	In-store	Wheat	207.61	206.61	209.61	147.61
		Oat	N/A	N/A	N/A	N/A
		Barley	212.39	207.39	213.39	134.39
Montreal, QC (1)	In-store	Wheat	212.03	211.03	214.03	152.03
		Oat	N/A	N/A	N/A	N/A
		Barley	217.31	212.31	218.31	139.31
Moncton, NB	Truck via Halifax	Wheat	234.25	233.25	236.25	174.25
		Oat	N/A	N/A	N/A	N/A
		Barley	241.50	236.50	242.50	163.50
Truro, NS	Truck via Halifax	Wheat	228.22	227.22	230.22	168.22
		Oat	N/A	N/A	N/A	N/A
		Barley	239.00	234.00	240.00	161.00
Halifax, NS (1)	In-store	Wheat	219.28	218.28	221.28	159.28
		Oat	N/A	N/A	N/A	N/A
		Barley	225.30	220.30	226.30	147.30
Stephenville, NL	Track / Truck via Sydney	Wheat	282.63	281.63	284.63	222.63
		Oat	N/A	N/A	N/A	N/A
		Barley	N/A	N/A	N/A	N/A
Melfort, SK		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
	Track	Barley	N/A	N/A	N/A	N/A
Bayport, ON		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
	Track	Barley	N/A	N/A	N/A	N/A
Montreal, QC		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
	Track	Barley	N/A	N/A	N/A	N/A
Moncton, NB		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
	Track	Barley	N/A	N/A	N/A	N/A
Truro, NS		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
	Track / Truck via Sydney	Barley	N/A	N/A	N/A	N/A
Stephenville, NL		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
		Barley	N/A	N/A	N/A	N/A

Selected Points	Price Basis	This week April 16, 2007	Last Week April 2, 2007	Month Ago March 19, 2007	Year Ago April 18, 2006
Corn					
From: US Lake Port	On Board Vessel	163.07	167.71	185.57	106.35
To: Montreal, QC (1)	In-store	182.11	186.75	204.61	125.39
From: Chicago (IL)	Track	167.55	170.43	182.33	108.16
To: Montreal, QC	Track	196.41	199.29	211.19	137.02
From: Chatham, ON	Track	164.83	163.89	173.52	117.78
To: Montreal, QC	Track	188.70	187.76	197.39	141.65
Soymeal 48% Protein					
From: Hamilton, ON		263.78	276.46	282.19	258.49
To: Montreal, QC	Track	288.11	300.79	306.52	282.82
Moncton, NB	Track	306.86	319.54	325.27	301.57
Truro, NS	Track	310.08	322.76	328.49	304.79
Stephenville, NL	Track / Truck via Sydney	358.71	371.39	377.12	353.42

1. Prices include ONE month of storage and interest charges. n/a = not available
2. Thunder Bay prices are based on the Winnipeg Commodities Exchange market close (Cash price)

Source: Market Analysis Division, Agriculture and Agri-Food Canada
Contact: André Doumbe Statistical Clerk (204) 983-0581 Fax: (204) 983-5524 e-mail: doumbea@agr.gc.ca

Footnotes: All prices quoted in Canadian dollars per metric tonne.
Grain grades (unless otherwise specified) are: Canada Western Feed Wheat, Feed Oats, No.1 Canada Western Barley, No.2 Canada Yellow Corn, No.3 US Yellow Corn.
Replacement value for grain in-store Montreal can be applied to Sorel, Trois-Rivières and Quebec.
Replacement values reflect quoted cash prices at shipping points plus the full transfer costs including duty and exchange where applicable.

A. SELLING PRICE OF BULK FEED INGREDIENTS AT SELECTED POINTS

April 2, 2007

SELECTED POINT	REFERENCE PERIOD	PRICE BASIS	(1) WHEAT	OATS	BARLEY	CORN	PRICE BASIS	SOYBEAN MEAL	CANOLA MEAL	MILL-FEEDS	MEAT MEAL	FISH MEAL	ANIMAL FAT	GLUTEN MEAL	GLUTEN FEED	FEED PEAS	DEHY ALFALFA	FEATHER MEAL
Vancouver	April 2, 2007	FOB	205.00	N/A	205.00	212.00		307.00	204.00	166.00		1100.00	495.00					405.00
BC (4) (7)	March 26, 2007		205.00	N/A	205.00	228.50		317.00	212.00	166.00		1100.00	485.00					405.00
Calgary	April 2, 2007	FOB	182.00	N/A	184.00	206.00		304.00			90.00	1100.00	515.00					350.00
AB (4)	March 26, 2007		182.00	N/A	184.00	209.00		320.50			120.00	1100.00	505.00					350.00
Saskatoon	April 2, 2007	FOB	157.50	194.00	153.00	190.00		302.50	N/A		110.00	N/A	515.00			189.00		360.00
SK (4)	March 26, 2007		157.50	200.00	146.50	191.00		319.50	N/A		130.00	N/A	505.00			187.50		360.00
Winnipeg	April 2, 2007	FOB	166.00	140.00	143.00	176.00		284.00	N/A		265.00	1162.50	515.00					380.00
MB (4) (9)	March 26, 2007		167.00	140.00	144.00	181.00		300.50	N/A		265.00	1162.50	515.00					380.00
Thunder Bay	April 2, 2007	In-Store	183.00	N/A	180.00													
ON (8)	March 26, 2007		184.00	N/A	179.00													
Lake Ports	April 2, 2007	On Board				167.71												
USA (3)	March 26, 2007	Vessel				184.15												
Bay Ports	April 2, 2007	In-Store	212.50	250.00	185.00													
ON	March 26, 2007		212.50	235.00	190.00													
Chatham	April 2, 2007	Track				159.56												
ON	March 26, 2007					167.85												
Toronto	April 2, 2007	N/A					FOB				193.00		515.00	N/A	N/A		285.00	320.00
ON (5)	March 26, 2007										195.33		515.00	N/A	N/A		285.00	325.00
Hamilton	April 2, 2007	N/A						276.46	N/A									
ON	March 26, 2007							283.62	N/A									
Eastern	April 2, 2007	FOB				169.00												
ON	March 26, 2007					169.23												
London	April 2, 2007	FOB												490.00	117.00			
ON	March 26, 2007													498.00	117.00			
Port Colborne	April 2, 2007	FOB								103.50				490.00	127.00			
ON	March 26, 2007									140.00				498.00	127.00			
Cardinal	April 2, 2007	FOB												436.00	133.00			
ON	March 26, 2007													504.00	133.00			
Montreal	April 2, 2007		216.00	250.00	208.00	199.00		294.24	241.00	115.67	180.00	N/A	481.00	N/A	N/A		270.00	360.00
QC (5)	March 26, 2007		216.00	250.00	208.00	215.00	FOB	302.00	244.50	133.33	180.00	N/A	481.00	N/A	N/A		270.00	360.00
Trois-Rivières	April 2, 2007	In-Store	219.50		219.00	193.49												
QC	March 26, 2007		220.00		219.20	205.99												
St. Jean QC (2)	April 2, 2007	FOB	200.33	208.33	191.33	183.34		310.50										
St. Hyacinthe QC	March 26, 2007		201.33	216.67	191.67	197.45		309.65										
Quebec	April 2, 2007	In-Store	216.50	N/A	225.35	191.05		299.68	264.75									
QC	March 26, 2007		219.88	N/A	225.97	202.46		310.27	267.71									
Truro	April 2, 2007	Track	262.01	N/A	251.15	227.12		342.19	261.21		255.28		719.00					330.00
NS	March 26, 2007		262.01	N/A	251.15	235.78	FOB	346.06	261.21		255.28		719.00					315.00
Truro	April 2, 2007	Water	N/A	N/A	N/A	N/A												
NS	March 26, 2007	& Truck	N/A	N/A	N/A	N/A												
Halifax	April 2, 2007	In-Store	230.00	N/A	N/A	209.00		348.55	308.20	297.50		N/A						
NS (6)	March 26, 2007		233.50	N/A	N/A	221.00		344.00	312.60	297.50		N/A						

Source: Market Analysis Division. Agriculture and Agri-Food Canada; Thunder Bay prices are based on the Winnipeg Commodity Exchange (WCE) market close **US$1.00 = CANS 1.1529** **Closing date March 23/2007**

Contact: André Doumbè Statistical Clerk Telephone: (204) 983-0581 Fax: (204) 983-5524 Email: doumbea@agr.gc.ca N/A = not available

Footnotes: All prices in Canadian dollars per metric tonne based on survey respondents.
Grain grades (unless otherwise specified) are: Western or Eastern Feed Wheat. Feed Oats. No.1 Canada Western or Eastern Barley. No.2 Canada Yellow Corn. No.3 US Yellow Corn.
Soybean Meal 48 % Protein. Canola Meal based on minimum standard of 35% Protein. Fish Meal: white fish and/or herring meal. Gluten Meal 60% Protein. Gluten Feed 21% Protein.

(1) Wheat 3CWRS (2) Canadian Corn #3 or #2 (3) US Corn (4) Fish Meal from West Coast 63% Protein (5) Fish Meal 60% Protein (6) Herring Fish Meal (7) Fraser Valley (8) Wheat & Barley (Basis - Cash Price WCE) (9) Oats 3CW

B. CASH PRICES AND REPLACEMENT VALUES

April 2, 2007

PRAIRIE GRAINS

Selected Points	Price Basis		This week April 2, 2007	Last week March 19, 2007	Month ago March 5, 2007	Year Ago April 3, 2006
From: Thunder Bay(WCE) (2)	In-Store	Wheat	183.00	186.00	187.00	122.00
(CBOT)		Oat	276.50	274.50	243.00	173.40
(Lethbridge)		Barley	180.00	186.00	177.00	111.00
To: Bayport, ON (1)	In-store	Wheat	206.61	209.61	210.61	145.61
		Oat	N/A	N/A	N/A	N/A
		Barley	207.39	213.39	204.39	138.39
Montreal, QC (1)	In-store	Wheat	211.03	214.03	215.03	150.03
		Oat	N/A	N/A	N/A	N/A
		Barley	212.31	218.31	209.31	143.31
Moncton, NB	Truck via Halifax	Wheat	233.25	236.25	237.25	172.25
		Oat	N/A	N/A	N/A	N/A
		Barley	236.50	242.50	233.50	167.50
Truro, NS	Truck via Halifax	Wheat	227.22	230.22	231.22	166.22
		Oat	N/A	N/A	N/A	N/A
		Barley	234.00	240.00	231.00	165.00
Halifax, NS (1)	In-store	Wheat	218.28	221.28	222.28	157.28
		Oat	N/A	N/A	N/A	N/A
		Barley	220.30	226.30	217.30	151.30
Stephenville, NL	Track / Truck via Sydney	Wheat	281.63	284.63	285.63	220.63
		Oat	N/A	N/A	N/A	N/A
		Barley	N/A	N/A	N/A	N/A
Melfort, SK		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
	Track	Barley	N/A	N/A	N/A	N/A
Bayport, ON		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
	Track	Barley	N/A	N/A	N/A	N/A
Montreal, QC		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
	Track	Barley	N/A	N/A	N/A	N/A
Moncton, NB		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
	Track	Barley	N/A	N/A	N/A	N/A
Truro, NS		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
	Track / Truck via Sydney	Barley	N/A	N/A	N/A	N/A
Stephenville, NL		Wheat	N/A	N/A	N/A	N/A
		Oat	N/A	N/A	N/A	N/A
		Barley	N/A	N/A	N/A	N/A

Selected Points	Price Basis		This week April 2, 2007	Last Week March 19, 2007	Month Ago March 5, 2007	Year Ago April 3, 2006
Corn						
From: US Lake Port	On Board Vessel		167.71	185.57	188.81	106.14
To: Montreal, QC (1)	In-store		186.75	204.61	207.85	125.18
From: Chicago (IL)	Track		170.43	182.33	191.12	110.73
To: Montreal, QC	Track		199.29	211.19	219.98	139.59
From: Chatham, ON	Track		163.89	173.52	173.91	116.79
To: Montreal, QC	Track		187.76	197.39	197.78	140.66
Soymeal 48% Protein						
From: Hamilton, ON			276.46	282.19	286.38	259.70
To: Montreal, QC	Track		300.79	306.52	310.71	284.03
Moncton, NB	Track		319.54	325.27	329.46	302.78
Truro, NS	Track		322.76	328.49	332.68	306.00
Stephenville, NL	Track / Truck via Sydney		371.39	377.12	381.31	354.63

1. Prices include ONE month of storage and interest charges n/a = not available
2. Thunder Bay prices are based on the Winnipeg Commodities Exchange market close (Cash price)

Source: Market Analysis Division, Agriculture and Agri-Food Canada
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Footnotes: All prices quoted in Canadian dollars per metric tonne.
Grain grades (unless otherwise specified) are: Canada Western Feed Wheat, Feed Oats, No.1 Canada Western Barley, No.2 Canada Yellow Corn, No.3 US Yellow Corn.
Replacement value for grain in-store Montreal can be applied to Sorel, Trois-Rivières and Quebec.
Replacement values reflect quoted cash prices at shipping points plus the full transfer costs including duty and exchange where applicable.

0.6 Mt of wheat, capturing 35% of the Peruvian import wheat market.

The majority of wheat that Peru imports from the US is the hard red winter and soft red winter varieties, and barley imports are generally malting quality.

SITUATION 2006-2007

Peru's capacity for self-sufficiency in grain production is constrained by stiff competition for limited arable land, most of which comes from Peru's higher-valued commodities. It is higher-values commodities such as coffee, vegetables, edible oils, and fruits and nuts that are typically produced in surplus amounts and exported to countries such as the US and Canada, and the EU.

It must also be noted that yield gains for Peru's major field crops over the past few years have been modest, suggesting minimal improvement in agronomic practices by Peruvian farmers. The end result is that grain production in Peru has not kept up with growing demand for grains, increasing Peru's reliance on imports from countries such as the US, Canada, Argentina, Brazil and, on occasion, the Former Soviet Union. Since 2001-2002, Peru has imported on average 2.9 Mt of corn, wheat and barley annually.

For 2006-2007, total area for Peru's major field crops (rice, corn, wheat and barley) is estimated at 1.18 million hectares (Mha), up slightly from 1.16 Mha in 2005-2006. Total production of the major field crops is estimated at a record 3.5 Mt, up from 3.4 Mt in 2005-2006. Total supply of the major field crops is estimated at a record 7.5 Mt, due to record high carry-in stocks and production. Domestic consumption of the major field crops is forecast at 6.6 Mt, up from the previous year's record of 6.4 Mt. For 2006-2007, imports are forecast at 3.0 Mt, down from 3.3 Mt in 2005-06. Carry-out stocks for the major field crops in 2006-2007 are forecast at 0.9 Mt, down from 1.0 Mt in 2005-2006.

Wheat

Peru currently does not have a policy to increase domestic wheat production, as evidenced by relatively flat wheat production in recent years. At the same time, domestic wheat consumption has been steady to marginally higher, requiring regular imports of wheat.

Wheat is considered to be a minor crop in Peru and largely grown in the southern highlands of the Andes Mountains. The majority of the wheat grown domestically is of a soft wheat variety and is not suitable for flour milling. Peruvian wheat is consumed in soups and other foods, while bread is made from imported wheat. For 2006-2007, wheat ***production*** is estimated at 0.17 Mt, relatively unchanged from 2005-2006, despite a marginal decrease in seeded area. The decrease in production is offset by higher-than-normal ***carry-in stocks***. For 2006-2007, ***imports*** are forecast at 1.5 Mt, down from the record 1.7 Mt in 2005-2006. For 2006-2007, ***domestic use*** is expected to be unchanged at 1.7 Mt. ***Carry-out stocks*** are forecast at 0.25 Mt, marginally lower than in 2005-2006.

Corn

The Peruvian government supports corn production by providing favourable financing to corn producers and by encouraging poultry producers to use locally grown corn. Poultry meat is one of the least expensive sources of protein in Peruvian diets, and the domestic chicken industry consumes about two-thirds of the available supply of yellow corn.

For 2006-2007, corn ***production*** is estimated at a record 1.6 Mt, up from 1.4 Mt in 2005-2006, due to increased seeded area and record high yields. The combination of record production and higher-than-normal ***carry-in stocks*** is expected to result in record corn ***supply***, for 2006-2007. Imports are forecast at 1.3 Mt, down from 1.5 Mt in 2005-2006, due to lower imports from Argentina and the US. ***Domestic use*** is forecast at a record 2.9 Mt, up from the previous year's record of 2.8 Mt. For 2006-2007, ***carry-out stocks*** are forecast at 0.2 Mt, unchanged from the previous year.

PERU: MAJOR FIELD CROPS* SUPPLY AND DISPOSITION

	2004 -2005	2005 -2006	2006 -2007 1/	2007 -2008f
	thousand tonnes			
Carry-in Stocks	582	815	1,025	925
Production	3,347	3,360	3,516	3,621
Imports	2,938	3,306	2,980	3,100
Total Supply	**6,867**	**7,481**	**7,521**	**7,646**
Exports	39	53	35	35
Feed Use	2,517	2,751	2,826	2,951
Food Use	3,496	3,652	3,735	3,815
Total Use	**6,052**	**6,456**	**6,596**	**6,801**
Carry-out Stocks	815	1,025	925	845

* major field crops: rice, corn, wheat and barley
1/: forecast , USDA
f: forecast, AAFC, April 2007
Source: USDA-FAS

PERU: WHEAT SUPPLY AND DISPOSITION

July-June *Crop Year*	2004 -2005	2005 -2006	2006 -2007 1/	2007 -2008f
	thousand tonnes			
Carry-in Stocks	200	200	300	250
Production	159	174	170	180
Imports	1,449	1,656	1,500	1,550
Total Supply	**1,808**	**2,030**	**1,970**	**1,980**
Exports	27	43	25	25
Feed Use	125	125	100	125
Food Use	1,456	1,562	1,595	1,625
Total Use	**1,608**	**1,730**	**1,720**	**1,775**
Carry-out Stocks	200	300	250	205

1/: forecast , USDA
f: forecast, AAFC, April 2007
Source: USDA-FAS

Barley

In Peru, barley ***consumption*** is not confined to beer production or ***feed use***. Barley food products are increasingly appearing in Peru's urban supermarkets. Barley is being pearled, chopped into small pieces, and cooked, but consumers are also adapting new and innovative recipes from Northern Europe and Japan. In addition to the nutritional benefits of barley, the use of barley in human diets reduces Peru's reliance on more expensive wheat imports.

For 2006-2007, barley ***production*** is estimated at 0.2 Mt, unchanged from 2005-2006. For 2006-2007, ***imports*** are forecast at 0.1 Mt, also unchanged from the previous year.

OUTLOOK

For 2007-2008, total production of Peru's major field crops is forecast at a record 3.6 Mt, up from 2006-2007, due primarily to an increase in seeded area. As well, domestic consumption of the major field crops is forecast at a record 6.8 Mt, up from 6.6 Mt this year. Imports are forecast at 3.1 Mt, up marginally from 2006-2007. Carry-out stocks are expected to be slightly lower than in 2006-2007.

Wheat

For 2007-2008, wheat ***production*** is forecast at 0.2 Mt, up slightly from 2006-2007, due to a small increase in seeded area. Total ***supply*** is expected to be relatively unchanged as the forecasted increase in ***imports*** offsets lower ***carry-in stocks***. ***Imports*** are forecast at 1.55 Mt, up from 2006-2007, and ***domestic use*** is forecast at 1.8 Mt, up 2006-2007. ***Carry-out stocks*** are forecast at 0.2 Mt, slightly lower than 2006-2007.

Corn

For 2007-2008, corn ***production*** is forecast at a record 1.6 Mt, up marginally from 2006-2007, which is due primarily to increased seeded area. With high ***carry-in stocks*** and record ***production***, corn ***supply*** is forecast at 3.2 Mt, up marginally from 2006-2007. ***Imports*** are forecast at 1.35 Mt, up slightly from 2006-2007. ***Domestic use*** is forecast to reach a record at 2.95 Mt, up from the previous year's record of 2.85 Mt. ***Carry-out stocks*** are forecast to rise marginally to 0.2 Mt.

Barley

For 2007-2008, barley ***production*** is forecast at 0.2 Mt, unchanged from past years. For 2007-2008, ***imports*** are forecast at 0.1 Mt, also unchanged from the previous year. As in previous years, about 0.2 Mt, or 58%, of Peru's available barley ***supply*** is expected to be consumed as human food.

Canada's Prospects for Increased Trade with Peru

Canada held exploratory talks with the Andean Community (Bolivia, Colombia, Ecuador, Peru and Venezuela) in 2002 and 2003, and completed initial public consultations on the feasibility of a free trade agreement (FTA). Various stakeholders, including the Canadian Wheat Board, Pulse Canada, and Canadian Canola Council are supportive of the idea of a Canada-Andean FTA.

In the absence of a formal trade agreement with the Andean countries, Canada has maintained and, in the case of Peru, has increased agricultural trade over the past few years. Wheat, in particular, has been an important grain export to Peru for the past five years but those exports are highly dependent on maintaining reasonable access to this market. For that reason, Canada is working to establish a trade agreement similar to the PTPA which is expected to be ratified by US Congress in the latter part of 2007. The PTPA could place Canadian exporters at a distinct disadvantage to their US counterparts. On that basis, the government of Canada will continue to explore various means of improving the competitive position of Canada's agriculture and agri-food sector in existing and emerging world markets.

PERU: CORN SUPPLY AND DISPOSITION

October-September	**2004**	**2005**	**2006**	**2007**
Crop Year	**-2005**	**-2006**	**-2007**[1/]	**-2008f**
	thousand tonnes			
Carry-in Stocks	78	70	201	201
Production	1,248	1,420	1,550	1,625
Imports	1,301	1,467	1,300	1,350
Total Supply	**2,627**	**2,957**	**3,051**	**3,176**
Exports	7	6	0	0
Feed Use	2,300	2,500	2,600	2,700
Food Use	250	250	250	250
Total Use	**2,557**	**2,756**	**2,850**	**2,950**
Carry-out Stocks	70	201	201	226

1/: forecast , USDA
f: forecast, AAFC, April 2007
Source: USDA-FAS

PERU: BARLEY SUPPLY AND DISPOSITION

October-September	**2004**	**2005**	**2006**	**2007**
Crop Year	**-2005**	**-2006**	**-2007**[1/]	**-2008f**
	thousand tonnes			
Carry-in Stocks	4	1	1	1
Production	200	200	200	200
Imports	62	100	100	100
Total Supply	**266**	**301**	**301**	**301**
Exports	0	0	0	0
Feed Use	90	125	125	125
Food Use	175	175	175	175
Total Use	**265**	**300**	**300**	**300**
Carry-out Stocks	1	1	1	1

1/: forecast , USDA
f: forecast, AAFC, April 2007
Source: USDA, FAS

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